

AWARD OF INSURANCE CONTRACTS

Briefing Note – Delegation of authority for award of insurance contracts effective from 1 April 2021

Background

Long Term Agreements in respect of the Council's current insurance contracts expire on 31 March 2021 and there is an ongoing requirement for insurance services. Traditionally the contracts have been placed on a 3 year basis (with the option to extend for a further 2 years should premium rates remain favourable) in order to attract competitive premiums and to give greater budget stability.

The different insurance policies held are set out in the table below.

Range of insurances and spend

Insurance policy/cover	Supplier
Public & Employers' Liability	RMP/QBE Insurance
Professional Indemnity	RMP/QBE Insurance
Officials' Indemnity	RMP/QBE Insurance
Fidelity Guarantee	RMP/QBE Insurance
Claims Handling (complex claims only)	Gallagher Bassett
Total	
Personal Accident	AIG Insurance
PA - School Journey	AIG Insurance
Total	AIG Insurance
Corporate Property	Travelers Insurance
Contract Works	Travelers Insurance
All Risks Computer	Travelers Insurance
Commercial/Rented Premises *	Aspen Insurance
Terrorism	Certain underwriters at Lloyd's
Total	
Museum All risks (including Terrorism)	Hiscox Insurance
Motor (including claims handling)	Zurich Insurance
Engineering	Zurich Insurance
Contractor's Plant	Zurich Insurance
Overall total (external premiums)	

*NB This is largely re-chargeable to the tenants in occupation

The insurance program has been designed to create a balance between risk transfer and risk retention. The higher the level of risk retention (paying the first amount of each and every claim) reduces external premiums.

The Local Government Mutual has been explored as an alternative risk transfer mechanism, however, further work needs to be undertaken before it can be considered an option.

Procurement have been consulted with regard to the option of extending existing insurance contracts for a further 12 or 24 months, however, these contracts were awarded on the basis of a 3 year Long Term Agreement with a provision to extend for a further 2 years and this option has been exercised. Having regard to the Council's own Contract Standing Orders and Public Contract Regulations 2015, Procurement advise that they cannot be extended any further.

The Public Contract Regulations 2015 stipulate that contracts with a value in excess of £189,330 must be procured using an OJEU compliant process and there is no provision to bypass or amend the regulations. The annual combined value of the contracts is in the region of £1,138,000.

A tender process in accordance with European procurement regulations is therefore currently being conducted by Procurement and the Council's appointed insurance brokers, Marsh Ltd, to secure new contracts with effect from 1 April 2021. Insurance providers are being invited to submit terms for the full range of insurance policies above via the YPO Framework.

In order to obtain the best result from the insurance market, this tender exercise is conducted as close as possible to the expiry of existing contracts to ensure that the most up to date information on the Council's risk profile and claims history is available to underwriters.

The proposal is to tender for a 3 year contract with the option to extend for a further 2 years but 1 year at a time i.e. 3+1+1.

The timetable for completion of the tender exercise is as follows:-

08/01/2021 – Live on STSW Portal

26/01/2021 – To receive clarifications from Tenderers

09/02/2021 – Final date for PCC to answer clarifications

19/02/2021 – Tender Return

05/03/2021 – Internal Evaluation to be complete

10/03/2021 – Contract Award/Completion of internal documentation (Contract Start Date 01/04/2021)

As the tender responses will not be evaluated until 19 February 2021 it will not leave sufficient time for a report to be prepared for a Cabinet decision in time for any financial implications on the insurance budget to be assessed for inclusion in the 2020/21 budget.

It is therefore proposed that the Leader of the Council delegates authority to the Service Director for Finance to award the contracts for the provision of insurance which will take effect from 1 April 2021.